

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS

Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended June 30, 2010

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Primary Government Financial Statements with Independent Auditors' Report
For the Year Ended June 30, 2010

TABLE OF CONTENTS

Independent Auditors' Report.....	1
Statement 1 - Summary of Cash Receipts, Expenditures, and Unencumbered Cash.....	3
Statement 2 - Summary of Expenditures – Actual and Budget.....	4
Statement 3 - Statement of Cash Receipts and Expenditures – Actual and Budget Individually Presented by Fund	
Governmental Fund Categories	
General Funds	
3-1 General Fund.....	5
3-2 Supplemental General Fund.....	6
Special Revenue Funds	
3-3 Capital Outlay Fund.....	7
3-4 Driver Training Fund.....	8
3-5 Food Service Fund	9
3-6 Professional Development Fund	10
3-7 Parent Education Program Fund.....	11
3-8 Summer School Fund.....	12
3-9 Special Education Fund.....	13
3-10 Vocational Education Fund.....	14
3-11 KPERS Special Retirement Contribution Fund	15
3-12 At-Risk (K-12) Fund.....	16
3-13 Contingency Reserve Fund	17
3-14 Textbook Rental Fund	18
3-15 Title I Fund.....	19
3-16 REAP Fund.....	20
3-17 Title II A – Teacher Quality Fund.....	21
3-18 Title II D – Education Technology Fund	22
3-19 ARRA Fund	23
3-20 ARRA Title II D Fund	24
Statement 4 - Summary of Cash Receipts and Cash Disbursements - Agency Funds	25
Statement 5 - Statement of Cash Receipts, Expenditures, and Unencumbered Cash District Activity Funds	26
Notes to Financial Statements.....	27



Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education

Unified School District No. 395 LaCrosse, Kansas
LaCrosse, Kansas

We have audited the accompanying primary government financial statements of **Unified School District No. 395 LaCrosse, Kansas**, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 395 LaCrosse, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

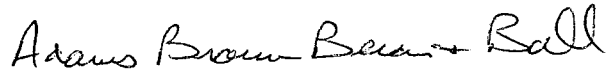
The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash and unencumbered cash balances of the aggregate discretely presented component unit would have been reported as \$89,506 for the Unified School District No. 395 School Foundation for Educational Excellence.

As described more fully in Note 1, **Unified School District No. 395 LaCrosse, Kansas**, has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 395 LaCrosse, Kansas**, as of June 30, 2010, or changes in financial position for the year then ended. Further, **Unified School District No. 395 LaCrosse, Kansas**, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Unified School District No. 395 LaCrosse, Kansas
Page Two

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 395 LaCrosse, Kansas**, as of June 30, 2010, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

A handwritten signature in cursive script that reads "Adams Brown Beran & Ball".

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

October 12, 2010

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Funds							
General Fund	\$ (189,754)	60	2,405,726	2,463,769	(247,737)	32,015	(215,722)
Supplemental General Fund	(11,556)	-	652,297	660,000	(19,259)	-	(19,259)
Special Revenue Funds							
Capital Outlay Fund	663,397	1,715	179,293	150,358	694,047	70,608	764,655
Driver Training Fund	27,989	-	6,200	5,126	29,063	3,380	32,443
Food Service Fund	61,084	-	178,864	179,962	59,986	-	59,986
Professional Development Fund	17,734	-	-	5,633	12,101	-	12,101
Parent Education Program Fund	4,000	-	-	4,000	-	-	-
Summer School Fund	21,116	-	-	3,023	18,093	-	18,093
Special Education Fund	480,301	-	490,029	465,385	504,945	-	504,945
Vocational Education Fund	-	-	231,413	136,121	95,292	1,291	96,583
KPERS Special Retirement Contribution Fund	-	-	148,552	148,552	-	-	-
At Risk (K-12) Fund	-	-	256,367	256,367	-	5,052	5,052
Contingency Reserve Fund	269,500	-	-	-	269,500	-	269,500
Textbook Rental Fund	75,888	-	35,200	9,345	101,743	6	101,749
Title I Fund	-	-	66,667	65,938	729	4,747	5,476
REAP Fund	(11,170)	-	30,471	19,301	-	-	-
Title II A - Teacher Quality Fund	-	-	20,256	20,256	-	-	-
Title II D - Education Technology Fund	-	-	575	575	-	-	-
ARRA Fund	-	-	40,509	40,509	-	5,513	5,513
ARRA Title II - D Fund	-	-	1,415	1,415	-	-	-
Fiduciary Fund Category							
District Activity Funds	18,676	-	39,146	41,525	16,297	-	16,297
Total Primary Government (Excluding Agency Funds)	\$ 1,427,205	1,775	4,782,980	4,677,160	1,534,800	122,612	1,657,412
	Composition of Cash						
			Checking Accounts			\$	\$ 81,407
			Savings Accounts				1,602,260
			Total Cash				<u>1,683,667</u>
			Agency Funds per Statement 4				(26,255)
			Total Primary Government (Excluding Agency Funds)			\$	<u><u>1,657,412</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2010

Funds	Certified Budget	Adjustment to Comply With Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 2,550,625	(86,856)	-	2,463,769	2,463,769	-
Supplemental General Fund	660,000	-	-	660,000	660,000	-
Special Revenue Funds						
Capital Outlay Fund	696,479	-	-	696,479	150,358	(546,121)
Driver Training Fund	28,734	-	-	28,734	5,126	(23,608)
Food Service Fund	264,645	-	-	264,645	179,962	(84,683)
Professional Development Fund	18,780	-	-	18,780	5,633	(13,147)
Parent Education Program Fund	4,000	-	-	4,000	4,000	-
Summer School Fund	19,108	-	-	19,108	3,023	(16,085)
Special Education Fund	581,155	-	-	581,155	465,385	(115,770)
Vocational Education Fund	157,000	-	-	157,000	136,121	(20,879)
KPERS Special Retirement Contribution Fund	162,862	-	-	162,862	148,552	(14,310)
At Risk (K-12) Fund	245,962	-	-	245,962	256,367	10,405

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Taxes	\$ 426,272	362,076	355,232	6,844
Intergovernmental Revenues				
Mineral Severance Tax	10,304	7,027	-	7,027
Equalization Aid	1,885,686	1,747,540	2,108,467	(360,927)
State Aid	365,920	289,083	-	289,083
Total Cash Receipts	<u>2,688,182</u>	<u>2,405,726</u>	<u>2,463,699</u>	<u>(57,973)</u>
Expenditures				
Instruction	1,060,381	963,512	1,051,220	(87,708)
Student Support Services	6,396	2,803	6,495	(3,692)
Instructional Support Services	48,796	36,287	49,461	(13,174)
General Administration	190,828	189,975	190,706	(731)
School Administration	162,677	167,231	164,183	3,048
Operation and Maintenance	281,678	270,864	288,344	(17,480)
Vehicle Operating Services	152,033	144,597	155,838	(11,241)
Operating Transfers	792,211	688,500	644,378	44,122
Adjustment to Comply with Legal Max	-	-	(86,856)	86,856
Total Expenditures and Legal General Fund Budget	<u>2,695,000</u>	<u>2,463,769</u>	<u>2,463,769</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(6,818)	(58,043)		
Unencumbered Cash - Beginning	(183,006)	(189,754)		
Prior Year Cancelled Encumbrances	<u>70</u>	<u>60</u>		
Unencumbered Cash - Ending	\$ <u>(189,754)</u>	<u>(247,737)</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Supplemental General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Taxes	\$ 545,966	501,357	489,230	12,127
Intergovernmental Revenue				
Equalization Aid	106,933	150,940	156,935	(5,995)
Total Cash Receipts	652,899	652,297	646,165	6,132
Expenditures				
Instruction	271,100	216,666	221,677	(5,011)
Operating Transfers	418,900	443,334	438,323	5,011
Total Expenditures and Legal Supplemental General Fund Budget	690,000	660,000	660,000	-
Cash Receipts Over (Under) Expenditures	(37,101)	(7,703)		
Unencumbered Cash - Beginning	25,350	(11,556)		
Prior Year Cancelled Encumbrances	195	-		
Unencumbered Cash - Ending	\$ (11,556)	(19,259)		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Taxes	\$ 97,163	68,544	75,935	(7,391)
Intergovernmental Revenue				
State Aid	4,420	-	-	-
Other Local Sources				
Interest on Idle Funds	25,872	14,025	-	14,025
Miscellaneous	16,286	10,023	-	10,023
Insurance Proceeds	17,978	-	-	-
Operating Transfers	83,380	86,701	88,143	(1,442)
Total Cash Receipts	245,099	179,293	164,078	15,215
Expenditures				
Instruction	37,181	50,533	100,000	(49,467)
General Administration	4,582	-	219,200	(219,200)
School Administration	264	-	15,474	(15,474)
Operations and Maintenance	114,625	99,414	50,000	49,414
Facility Acquisition and Construction	845	411	311,805	(311,394)
Total Expenditures	157,497	150,358	696,479	(546,121)
Cash Receipts Over (Under) Expenditures	87,602	28,935		
Unencumbered Cash - Beginning	575,795	663,397		
Prior Year Cancelled Encumbrances	-	1,715		
Unencumbered Cash - Ending	\$ 663,397	694,047		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Driver Training Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 798	1,000	1,250	(250)
Other Local Sources				
Student Fees	3,700	5,200	-	5,200
Total Cash Receipts	<u>4,498</u>	<u>6,200</u>	<u>1,250</u>	<u>4,950</u>
Expenditures				
Instruction	2,828	3,723	9,384	(5,661)
Vehicle Operating Services	1,597	1,403	19,350	(17,947)
Total Expenditures	<u>4,425</u>	<u>5,126</u>	<u>28,734</u>	<u>(23,608)</u>
Cash Receipts Over (Under) Expenditures	73	1,074		
Unencumbered Cash - Beginning	<u>27,916</u>	<u>27,989</u>		
Unencumbered Cash - Ending	\$ <u>27,989</u>	<u>29,063</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS

Food Service Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 1,977	1,924	1,988	(64)
Federal Aid	75,516	82,438	76,311	6,127
Other Local Sources				
Lunch Receipts - Students	52,426	48,128	51,435	(3,307)
Lunch Receipts - Adults	3,076	3,411	2,438	973
Operating Transfers	49,696	42,324	78,323	(35,999)
Miscellaneous	553	639	-	639
Total Cash Receipts	183,244	178,864	210,495	(31,631)
Expenditures				
Food Service Operation	183,200	179,962	264,645	(84,683)
Cash Receipts Over (Under) Expenditures	44	(1,098)		
Unencumbered Cash - Beginning	61,040	61,084		
Unencumbered Cash - Ending	\$ 61,084	59,986		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Intergovernmental Revenue	\$			
State Aid	933	-	-	-
Other Local Sources				
Operating Transfers	10,000	-	10,000	(10,000)
Total Cash Receipts	10,933	-	10,000	(10,000)
Expenditures				
Instruction	6,862	5,633	18,780	(13,147)
Cash Receipts Over (Under) Expenditures	4,071	(5,633)		
Unencumbered Cash - Beginning	13,663	17,734		
Unencumbered Cash - Ending	\$ 17,734	12,101		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Parent Education Program Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ 4,000	-	4,000	(4,000)
Expenditures				
Payment to COOP	4,000	4,000	4,000	-
Cash Receipts Over (Under) Expenditures	-	(4,000)		
Unencumbered Cash - Beginning	4,000	4,000		
Unencumbered Cash - Ending	\$ 4,000	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Summer School Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ -	-	-	-
Expenditures				
Instruction	4,863	3,023	19,108	(16,085)
Cash Receipts Over (Under) Expenditures	(4,863)	(3,023)		
Unencumbered Cash - Beginning	25,979	21,116		
Unencumbered Cash - Ending	\$ 21,116	18,093		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
Cash Receipts				
Operating Transfers	\$ 549,476	490,029	499,273	(9,244)
Expenditures				
Instruction	471,059	409,553	414,593	(5,040)
Vehicle Operating Services	54,650	55,832	166,562	(110,730)
Total Expenditures	525,709	465,385	581,155	(115,770)
Cash Receipts Over (Under) Expenditures	23,767	24,644		
Unencumbered Cash - Beginning	456,534	480,301		
Unencumbered Cash - Ending	\$ 480,301	504,945		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Vocational Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers	\$ 139,722	231,413	<u>157,000</u>	<u>74,413</u>
Expenditures				
Instruction	<u>139,722</u>	<u>136,121</u>	<u>157,000</u>	<u>(20,879)</u>
Cash Receipts Over (Under) Expenditures	-	95,292		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ <u>-</u>	<u>95,292</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
KPERS Special Retirement Contribution Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 143,744	148,552	162,862	(14,310)
Expenditures				
Instruction	106,759	115,118	118,073	(2,955)
Student Support Services	4,960	2,679	5,600	(2,921)
Instructional Support Services	2,198	2,014	2,980	(966)
General Administration	7,372	8,038	9,000	(962)
School Administration	8,927	8,288	9,900	(1,612)
Operations and Maintenance	5,951	5,908	6,850	(942)
Student Transportation Services	677	617	3,259	(2,642)
Food Service	6,900	5,890	7,200	(1,310)
Total Expenditures	143,744	148,552	162,862	(14,310)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
At Risk (K-12) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ 230,560	256,367	215,962	40,405
Miscellaneous	-	-	30,000	(30,000)
Total Cash Receipts	230,560	256,367	<u>245,962</u>	<u>10,405</u>
Expenditures				
Instruction	230,560	256,367	<u>245,962</u>	<u>10,405</u>
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Contingency Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers	\$ 112,351	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	112,351	-
Unencumbered Cash - Beginning	157,149	269,500
Unencumbered Cash - Ending	\$ 269,500	269,500

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Textbook Rental Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Book Rental Fees	\$ 10,934	10,200
Operating Transfers	31,925	25,000
Total Cash Receipts	42,859	35,200
Expenditures		
Instruction	14,480	9,345
Cash Receipts Over (Under) Expenditures	28,379	25,855
Unencumbered Cash - Beginning	43,258	75,888
Prior Year Cancelled Encumbrances	4,251	-
Unencumbered Cash - Ending	\$ 75,888	101,743

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Title I Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 61,640	66,667
Expenditures		
Instruction	69,114	65,938
Cash Receipts Over (Under) Expenditures	(7,474)	729
Unencumbered Cash - Beginning	7,474	-
Unencumbered Cash - Ending	\$ -	729

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
REAP Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 9,400	30,471
Expenditures		
Instruction	20,570	19,301
Cash Receipts Over (Under) Expenditures	(11,170)	11,170
Unencumbered Cash - Beginning	-	(11,170)
Unencumbered Cash - Ending	\$ (11,170)	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Title II A - Teacher Quality Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 20,491	20,256
Expenditures		
Instruction	20,491	20,256
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Title II D - Education Technology Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 589	575
Expenditures		
Instruction	589	575
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
ARRA Fund

Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ -	40,509
Expenditures		
Instruction	-	40,509
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
ARRA Title II - D Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ -	1,415
Expenditures		
Instruction	-	1,415
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Agency Funds
Summary of Cash Receipts and Cash Disbursements
For the Year Ended June 30, 2010

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
High School				
Class of 2010	\$ 456	-	330	126
Class of 2011	2,350	9,286	9,870	1,766
Class of 2012	1,813	30	-	1,843
Class of 2013	-	2,693	1,368	1,325
FFA	326	10,342	7,714	2,954
STUCO	1,512	2,634	2,963	1,183
Spirit Club	-	270	210	60
Leopard Club	3,564	7,297	8,860	2,001
Speech/Drama	1,501	738	229	2,010
National Honor Society	6	569	173	402
Weight Lifting	1,256	237	274	1,219
SADD	2,229	1,237	2,313	1,153
Band	3,008	2,576	2,588	2,996
Chorus	338	20	39	319
Cheerleaders	2,270	10,160	9,348	3,082
Foreign Language	7,535	6,446	13,981	-
Industrial Arts Club	865	62	232	695
Art Club	677	218	66	829
Total High School	<u>29,706</u>	<u>54,815</u>	<u>60,558</u>	<u>23,963</u>
Middle School				
Music Club	459	1,449	1,499	409
STUCO	202	2,602	2,020	784
NJHS	5	-	-	5
Cheerleaders	165	1,042	131	1,076
Total Middle School	<u>831</u>	<u>5,093</u>	<u>3,650</u>	<u>2,274</u>
Grade School				
STUCO	705	1,795	2,482	18
Total	<u>\$ 31,242</u>	<u>61,703</u>	<u>66,690</u>	<u>26,255</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
District Activity Funds

Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
High School							
Athletics	\$ 10,185	-	19,405	22,618	6,972	-	6,972
Middle School							
Athletics	2,273	-	2,961	2,656	2,578	-	2,578
Total Gate Receipts	12,458	-	22,366	25,274	9,550	-	9,550
School Projects							
High School							
Prom Party	1,085	-	9,396	9,845	636	-	636
Engineering and Design	312	-	471	-	783	-	783
Entrepreneur	393	-	-	-	393	-	393
Concessions	1,496	-	738	1,118	1,116	-	1,116
Book Fair	417	-	473	79	811	-	811
Site Council	491	-	1,774	1,947	318	-	318
Camp Pflaum	6	-	90	90	6	-	6
Construction	551	-	1,395	-	1,946	-	1,946
Total High School	4,751	-	14,337	13,079	6,009	-	6,009
Middle School							
Concessions	316	-	13	-	329	-	329
Grade School							
Book Fair/Accel. Reader	981	-	2,430	3,002	409	-	409
Golden Belt Grant	170	-	-	170	-	-	-
Total Grade School	1,151	-	2,430	3,172	409	-	409
Total School Projects	6,218	-	16,780	16,251	6,747	-	6,747
Total District Activity Funds	\$ 18,676	-	39,146	41,525	16,297	-	16,297

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 395 LaCrosse, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

Unified School District No. 395 LaCrosse, Kansas is a municipal corporation governed by an elected board. These financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The following is a component unit of **Unified School District No. 395 LaCrosse, Kansas**. The District exercises significant influence or accountability based primarily on operational or financial relationships with the District (as distinct from legal relationships).

Unified School District No. 395 School Foundation for Educational Excellence is organized as a non-profit organization in the State of Kansas for the sole purpose of providing charitable and educational functions to **Unified School District No. 395 LaCrosse, Kansas**. The Board of Trustees of the foundation are the members of the Board of Education of the District. Their financial statements are not included in this report. Contact the District Clerk for information on how to obtain their financial information.

Unified School District No. 395 LaCrosse, Kansas is the primary government as defined in GASB #14 and further amended by GASB #39. The School Board is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – Fund Accounting

The accounts of **Unified School District No. 395 LaCrosse, Kansas** are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of **Unified School District No. 395 LaCrosse, Kansas** for the year ended June 30, 2010.

Governmental Fund Categories

General Fund – to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Categories

Agency Funds – to account for fiduciary assets held by the District as trustee or agent for others.

Student Activity Fund – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

District Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS

Notes to Financial Statements

June 30, 2010

1. Preparation of the budget for the succeeding fiscal year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget notice and of public hearing on the budget.
3. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unused budget expenditure authority lapses at year-end.

A legal operating budget is not required for fiduciary funds and the following special revenue funds: Contingency Reserve Fund, Textbook Rental Fund, Title I Fund, REAP Fund, Title II A – Teacher Quality Fund, Title II D – Education Technology Fund, ARRA Fund, and ARRA Title II - D Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Deposits and Investments

Unified School District No. 395 LaCrosse, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District did not use peak depository coverage. All deposits were legally secured at June 30, 2010.

At June 30, 2010, the District's carrying amount of deposits was \$1,683,667 and the bank balance was \$2,067,942. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$735,177 was covered by federal depository insurance and \$1,332,765 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2010.

Compensated Absences

The District's contracts with various employees permit the employees to accumulate various amounts of vacation time and sick leave. The contracts state that accumulated vacation time must be taken by the end of the contract date or the time will be lost.

The District's policy regarding accrued sick leave is employees who separate from service due to retirement, work force reduction, disability or death, provided the employee has been employed by the District for 10 or more years as of the 2000 – 2001 contract year. The amount paid due to separation from service is equal to \$50 a day times the number of days accumulated not to exceed 60 days. No accumulated sick leave is paid to employees at separation of service for any other reason. For active employees, the maximum amount of sick leave they can accumulate is 90 days.

The total potential liability for sick leave of the District as of June 30, 2010 was approximately \$423,431. This potential liability is shown on the schedule of long-term debt.

Defined Benefit Pension Plan

Plan Description

Unified School District No. 395 LaCrosse, Kansas contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State contributed 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008, were \$248,468,186, \$242,277,363, and \$220,815,154, respectively, equal to the required contributions for each year.

Deferred Compensation Plan

The District sponsors a deferred compensation plan under the Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts.

Reimbursements

Unified School District No. 395 LaCrosse, Kansas records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursement as revenue to the fund.

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas Statutes. The District's interfund transfers and statutory authority for June 30, 2010 were as follows:

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 2 – INTERFUND TRANSFERS (continued)

From	To	Statutory Authority	Amount
General Fund	Capital Outlay Fund	K.S.A. 72-8803	\$ 86,701
General Fund	Food Service Fund	K.S.A. 72-5119	42,324
General Fund	Special Education Fund	K.S.A. 72-6420	289,083
General Fund	At-Risk (K-12) Fund	K.S.A. 72-6414a	256,367
General Fund	Vocational Education Fund	K.S.A. 72-6421	14,025
Supplemental General Fund	Special Education Fund	K.S.A. 72-6420	200,946
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6421	217,388
Supplemental General Fund	Textbook	K.S.A. 72-6428	25,000

NOTE 3 - LITIGATION

The District is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the funds of the District.

NOTE 4 – RISK MANAGEMENT CLAIMS AND JUDGMENTS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; and natural disasters. The District has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other Districts in the State to participate in the Kansas Association of School Boards Risk Management Services, a public entity risk pool currently operating as a common risk management and insurance program. The District pays an annual premium to the Kansas Association of School Boards Risk Management Services for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards Risk Management Services will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by the Kansas Association of School Boards Risk Management Services' Management.

The District carries commercial insurance for all other risks of loss, including property, general liability, inland marine, auto, linebacker, fidelity bond, and comprehensive collision insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. At June 30, 2010, the financial statements do not include liabilities for anticipated losses.

NOTE 5 - GRANTS AND SHARED REVENUES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audits, is not believed to be material.

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the District's cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 - OPERATING LEASES

On May 4, 2009, **Unified School District No. 395 LaCrosse, Kansas** entered into a 5 year operating lease agreement with Durham School Services, L.P. for the use of school buses. Operating leases do not give rise to property rights or lease obligations and therefore, the result of this lease agreement is not reflected in the District's financial statements. Future scheduled payments are as follows:

Year	Amount
2011	\$ 122,198
2012	125,864
2013	129,640
2014	133,529
Total	\$ 511,231

On August 24, 2009, the District entered into a 60 month operating lease agreement with Dealers First Financial, L.L.C. for the use of two copiers. Operating leases do not give rise to property rights or lease obligations and therefore, the result of this lease agreement is not reflected in the District's financial statements. Future scheduled payments are as follows:

Year	Amount
2011	\$ 5,160
2012	5,160
2013	5,160
2014	5,160
2015	860
Total	\$ 21,500

On July 19, 2010, the District entered into a 60 month operating lease agreement with Dealers First Financial, L.L.C. for the use of one copier. Operating leases do not give rise to property rights or lease obligations and therefore, the result of this lease agreement is not reflected in the District's financial statements. Future scheduled payments are as follows:

Year	Amount
2011	\$ 2,519
2012	2,748
2013	2,748
2014	2,748
2015	2,748
2016	229
Total	\$ 13,740

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 7 - OPERATING LEASES (continued)

In August 2010, the District entered into a 48 month operating lease agreement with Wells Fargo Leasing for the use of one copier. Operating leases do not give rise to property rights or lease obligations and therefore, the result of this lease agreement is not reflected in the District's financial statements. Future scheduled payments are as follows:

Year	Amount
2011	\$ 2,211
2012	2,412
2013	2,412
2014	2,412
2015	201
Total	\$ 9,648

NOTE 8 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the School District after June 30, as a receipt for the school year ending on June 30. Pages 35 and 36 show the revenue as required by these Statutes.

NOTE 9 - LONG-TERM DEBT

Unified School District No. 395 LaCrosse, Kansas has the following types of long-term debt:

Capital Lease Payable

The District has entered into a lease agreement with an option to purchase at the expiration of the lease term. The lease contains a fiscal funding clause.

Changes in long-term debt for the District at June 30, 2010 is included on page 37.

NOTE 10 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Expenditures exceeded the adopted budget in the following fund, which is in violation of K.S.A. 79-2935.

At Risk Fund (K-12) Fund \$(10,405)

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS

General Fund

Notes to Financial Statements

Note 8 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2010

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statutory Revenues			
Taxes and Shared Revenues			
Taxes	\$ 362,076	355,232	6,844
Intergovernmental Revenues			
Mineral SeveranceTax	7,027	-	7,027
Equalization Aid	1,805,514	2,108,467	(302,953)
State Aid	289,083	-	289,083
Total Statutory Revenues	<u>2,463,700</u>	<u>2,463,699</u>	<u>1</u>
Expenditures			
Instruction	963,512	1,051,220	(87,708)
Student Support Services	2,803	6,495	(3,692)
Instructional Support Services	36,287	49,461	(13,174)
General Administration	189,975	190,706	(731)
School Administration	167,231	164,183	3,048
Operation and Maintenance	270,864	288,344	(17,480)
Vehicle Operating Services	144,597	155,838	(11,241)
Operating Transfers	688,500	644,378	44,122
Adjustment to Comply with Legal Max	-	(86,856)	86,856
Legal General Fund Budget	<u>2,463,769</u>	<u>2,463,769</u>	<u>-</u>
Total Expenditures and Legal General Fund Budget	<u>2,463,769</u>	<u>2,463,769</u>	<u>-</u>
Statutory Revenues Over (Under) Expenditures	(69)		
Modified Unencumbered Cash - Beginning	70		
Prior Year Cancelled Encumbrances	<u>60</u>		
Modified Unencumbered Cash - Ending	\$ <u>61</u>		

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS
Supplemental General Fund
Notes to Financial Statements
Note 8 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statutory Revenues			
Taxes and Shared Revenues			
Taxes	\$ 501,357	489,230	12,127
Intergovernmental Revenue			
Equalization Aid	<u>156,115</u>	<u>156,935</u>	<u>(820)</u>
Total Statutory Revenues	<u>657,472</u>	<u>646,165</u>	<u>11,307</u>
Expenditures			
Instruction	216,666	221,677	5,011
Operating Transfers	<u>443,334</u>	<u>438,323</u>	<u>(5,011)</u>
Total Expenditures and Legal Supplemental General Fund Budget	<u>660,000</u>	<u>660,000</u>	<u>-</u>
Statutory Revenues Over (Under) Expenditures	(2,528)		
Modified Unencumbered Cash - Beginning	<u>13,641</u>		
Modified Unencumbered Cash - Ending	\$ <u>11,113</u>		

UNIFIED SCHOOL DISTRICT NO. 395 LACROSSE, KANSAS

Notes to Financial Statements

Note 9 - Statement of Changes in Long-Term Debt
For the Year Ended June 30, 2010

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Capital Lease Payable										
Photocopy Machines	11.328%	9/21/2004	23,040	9/21/2010	\$ 986	-	(986)		-	14
Compensated Absences					399,555			23,876	423,431	
Total Long-Term Debt					\$ 400,541	-	(986)	23,876	423,431	14